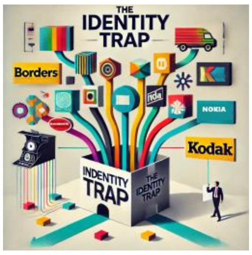
Balancing Innovation with Tradition: Overcoming Three Traps to Strategic Success



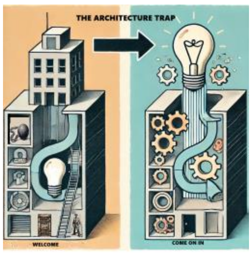
The Identity Trap: Occurs when a company's identity is too closely linked with a specific product or service. This narrow focus can cause leaders to miss new opportunities or resist change, as seen in the downfall of Borders and Kodak. To avoid this, leaders should foster a broader, more abstract organizational identity that can encompass new innovations without threatening the existing identity.

Solution:

Broaden Organizational Identity: Leaders should communicate a more abstract and expansive identity that goes beyond specific products or services. This allows the organization to innovate without threatening its core identity. For example, instead of defining a company as a "bookstore," define it as a "community gathering place" or a provider of "creative tools," as Moleskine did.

Preemptively Frame Identity: Leaders should begin to frame the organization's identity in broader terms well before new products or services are introduced. This prepares employees to see innovations as natural extensions of the company's identity.

Involve Employees: Regularly engage employees in discussions about the organization's identity, ensuring they understand and embrace a broader vision that includes both current and future offerings.



The Architecture Trap: This happens when a company's structures and incentives are misaligned with its innovation goals. Different stages of innovation, from early exploration to mature product development, require distinct organizational architectures and incentives. Successful reinvention demands flexible structures that can adapt to different innovation needs, as demonstrated by Corning's establishment of the Emerging Innovations Group (EIG) to support breakthrough innovations like Gorilla Glass.

Solution:

Create Flexible Structures: Establish separate organizational structures tailored to different types of innovation. For early-stage innovations, provide teams with autonomy, flexibility, and the necessary resources to experiment and develop breakthrough ideas.

Align Incentives with Innovation Goals: Design distinct incentive systems that match the innovation phase. For example, reward R&D teams for solving technical challenges in early stages and offer commercial success incentives for product-line extensions. Corning's approach of incentivizing breakthrough innovation teams to terminate unpromising projects is one example.

Segment Innovation Efforts: Recognize that different phases of the S-curve (infancy, growth, maturity) require different management approaches. Avoid relying on a single organizational architecture to support all innovation activities

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The Collaboration Trap: Emerges when divergent goals and a lack of trust between teams working on different phases of the innovation process, leads to conflict and stagnation. Effective collaboration requires creating shared spaces for interaction, joint decision-making, and mutual understanding, ensuring that all innovation efforts are valued and integrated into the organization's broader goals

Solution

Facilitate Joint Decision-Making: Create opportunities for teams working on different phases of innovation to collaborate and make joint decisions. This reduces competition and builds mutual trust.

Establish Shared Spaces: Develop physical or virtual spaces where teams from different innovation phases can interact, learn from each other, and build reciprocal trust. This can help prevent rivalry and ensure a cohesive approach to innovation.

Temporary Reassignments: Consider reassigning employees to different teams temporarily, allowing them to experience and understand other parts of the business. This helps break down silos and fosters a deeper appreciation for the organization's overall innovation goals.

This infographic is a summary of the following article appearing in the Summer addition of MITSloanManagement Review: The Three Trapes That Stemie Reinvention by Ryan Raffaelli and Managing Strategic Contradictions: A Top Management Model for Managing Innovation Streams by Wendy K. Smith, Michael L. Tushma[T]